

"It's the New Economy, Stupid;" State Looks Forward in Enacting Host of Bills to Spur High-Tech Growth

Regulation of two major industries and incentives for information technology, or "New Economy," companies took center stage during the 2000 Arizona legislative session. On the other hand, for first time in nearly a decade, little or no tax relief was enacted for business or individuals,

NEWS ANALYSIS

partly due to the state being in the second year of a two-year budget cycle. And triggering mechanisms that lower taxes in several areas (corporate income, personal property, and vehicle license) continued to kick in

as Arizona's tax revenues climbed at extraordinary levels due to an economy that roared along at an exceptionally strong growth rate.

Among labor and occupational issues, there were few major pieces of legislation enacted. Many of the major issues — worker's compensation and strengthening of the Board of Medical Examiners — had been tackled during the 1999 session. Probably the biggest change was also related to the New Economy, as the state passed an Arizona Electronic Transaction Act and set up a structure where electronic signatures could be used for transactions. "People are realizing the high-tech industry is something to watch and that it's our future," said Rep. Ken Cheuvront. "With the New Economy, we don't have the luxury of being reactive, we have to be proactive."¹

Business

Going into the 2000 session, business interests knew that they weren't going to get as many favorable pieces of legislation (e.g., tax cuts) as in the past decade. One, because it wasn't a budget year now that the state is on a two-year cycle, and two because any surplus funds were already allocated to groups such as education and health care.² And as it proved out, business ended up on the losing end of several major pieces of legislation.



2000 BUSINESS AND LABOR LEGISLATION REVIEW

"This was a tougher session in general for the business community than the past three years," said the president of the Arizona Chamber of Commerce, Tim Lawless.³

Still, business managed to get some bills to their liking involving growth management, environmental regulation, and automobile sales protection. And they were successful in fending off legislation that would have ended the practice of allowing special property tax breaks for certain industries (e.g., high tech).

Probably the biggest single issue affecting business interests in 2000 was the looming Citizens Growth Management Initiative, which at the time of the legislative session appeared headed for the November ballot. The business community feared that the initiative — which would have set strict growth boundaries for 10 years of population growth, beyond which virtually no development could occur

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— would raise land prices (and thus housing prices) and lead to the collapse of the state's robust construction industry.

To counter the initiative, the Legislature passed Growing Smarter Plus, which piggybacked on growth-management legislation, Growing Smarter, passed in 1998. That law added additional provisions, such as requiring cities and counties to bring general and comprehensive plans into compliance with new state policies by 2002; having developers pay their "fair share" of public facility and service costs; and appropriating \$220 million in matching funds to preserve open space.

The new legislation requires cities and counties with population greater than 10,000, or growing at a rate of 2 percent annually, to seek voter approval of their general plans at least once every 10 years; allows counties to impose development fees and gives them the authority to ensure lots splits comply with local zoning laws; and prohibits cities from annexing land unless municipal services could be provided within 10 years. The law also put on the November ballot Proposition 100, which could set aside up to 3 percent of the state's land (270,000 acres) for preservation.

" 'With voter approval in November, we will have a way to save our 'crown jewels,' while allowing residents to shape their cities and towns,' " said Governor Jane Hull in a press release. " 'It does away with piecemeal planning, subsidized growth and irresponsible annexation,' " the Governor added.⁴

Opponents of the legislation, however, contended the new requirements were only passed to ameliorate real estate developers fearful that the Citizens Growth Management Initiative would be successful at the ballot and put more restrictions on their business, particularly when it came to development on the outskirts of metropolitan areas.

" 'This was a tougher session in general for the business community than the past three years.' "

*Tim Lawless,
President,
Arizona Chamber
of Commerce*

But the Legislature was heavily involved in business regulation of another kind this year. Among issues tackled were health care reform, consumer privacy, fraud and other crimes committed over the Internet, regulation of payday loan companies, bankruptcy filings, stiffening financial liability of contractors, and trailer park rental regulations.

The single biggest loss for business interests was passage of comprehensive reform of health maintenance organizations (HMOs), including allowing individuals to sue HMOs for unapproved or inadequate treatment. The call for changes came at a time when a larger number people are using HMOs and premiums were rising sharply. But some lawmakers and the governor feared that lawsuits could drive premiums even higher.⁵ Under current law, patients can sue for denied services, but if they lose in court, HMOs only have to provide coverage, not pay damages.⁶

In the end, a compromise was reached in which a higher standard of proof was required for patients to prove their case in court. Patients must prove that a "health-care provider acted in 'bad faith' in denying or delaying a claim," which is a higher standard than what was originally in the bill.⁷

At least one insurer agreed with the changes, saying, "If reform helps to gain consumer confidence in our in-

dustry and we can work out something to benefit our members and is fair and doable, let's do it," said the CEO of Intergroup, Mary Gilligan.⁸

As part of a comprehensive cyber-crime bill, HB 2428 modernized Arizona's criminal code regarding the use of computer technology and the Internet in crimes involving fraud, identity theft, unauthorized access into computer systems, the dissemination of proprietary and security information and sex crimes, and the unauthorized release of proprietary information. The Computer Crime Act of 2000 also gives police the power to intercept e-mail and pose as minors in "chat rooms" in cases of sexual exploitation.⁹

However, in somewhat related legislation, a bill (HB 2114) to protect the sharing of personal information given to businesses, such as banks and retail stores, was unsuccessful. Businesses frequently share or sell personal information collected through various means (e.g., credit card applications, Internet activities) and with the exponential growth of the World Wide Web, consumer activists are fearful that one's personal habits and financial information will be available around the globe.

One Internet bill (HB 2328) that failed would have banned cities and the state from enacting new taxes on Web access or purchases for five years. The main argument against the tax moratorium is that it would give an economic advantage to Internet companies that is not offered to catalog or local businesses.

The payday loan business, a fairly new phenomenon in Arizona, allows workers to get advances on their paycheck through bank-like companies. It comes at a steep price, however. Most companies charge \$15 to \$18 for each \$100 loaned, which can amount to annual interest rates of 400 percent. Passage of SB 1226 provides some regulation of the industry, capping up-front fees at 15 percent and limits borrowers to three rollover

loans, plus requires the business to acquire state lending licenses and to follow industry standards.

Another consumer-friendly bill that failed would have increased the amount of money homeowners could retain (from \$100,000 to \$200,000) if they file for bankruptcy.

Although the New Economy presents many opportunities for businesses, Arizona automobile dealers were worried they would be “cut off at the pass” by manufacturers selling the same merchandise online. And state dealers were not only successful in lobbying legislators to pass a bill (HB 2101) that prohibits car manufacturers from selling cars directly to consumers via the Internet, but from setting up factory-owned stores that compete with Arizona dealers. However, the bill is likely to be challenged in court for being “anti-competitive, anti-free market.”¹⁰

Business interests were also worried that other communities would follow the lead of Tucson in enacting a “living wage” law. Tucson’s law requires that companies doing business with the city must pay a minimum wage of at least \$8 an hour if benefits are provided, and \$9 an hour without benefits. Tucson businesses say they are at a disadvantage to businesses in the Pima County metro area that are not within the Tucson city limits. In addition, taxpayers are footing the bill for the additional costs, because businesses charge more when they factor in their bids on city jobs. The city of Tucson and its supporters argued that the law is not about a minimum wage issue, but a procurement issue.¹¹ SB 1425 was passed by the House, but was not successful in the Senate. About 30 cities around the country have similar laws.

One bill passed by the Legislature would help protect businesses and employees from workplace violence. Approval of HB 2109 allows employers, effective January 2001, to petition the court for an injunction against

Table 1

Major Business/Economic-Development and Labor/Occupational Bills Passed in 2000 Legislative Session

Business/Economic-Development Legislation

HB 2428 — Modernized Arizona’s criminal code regarding the use of computer technology and the Internet in crimes involving fraud, identity theft, unauthorized access into computer systems, the dissemination of proprietary and security information and sex crimes, and the unauthorized release of proprietary information.

SB 1226 — Provides some regulation of the “payday loan” industry, capping up-front fees at 15 percent and limits borrowers to three rollover loans, plus requires the business to acquire state lending licenses and to follow industry standards.

SB 1001 — Growing Smarter Plus, a growth-management plan which added additional provisions on legislation previously passed, such as requiring cities and counties to bring general and comprehensive plans into compliance with new state policies by 2002; having developers to pay their “fair share” of public facility and service costs; and appropriating \$220 million in matching funds to preserve open space.

SB 1220 — The Tourism/Arizona Cardinals bill, which put on the Maricopa County and Pima County ballots measures to increase hotel and car rental taxes to pay for increased tourism promotion and, in Maricopa County, building of a professional football stadium.

Several “New Economy” bills, which included job-training and other benefits for high-tech industries (see Table 2).

Labor/Occupational Legislation

SB 1263 — Gives adult-care workers who had been denied employment because of a minor criminal offense a “second chance,” allowing them to appeal their cases to the Arizona Board of Fingerprinting.

HB 2662 — Made a number of significant changes in the security guard industry, including giving several of Department of Public Safety’s oversight responsibilities to the Private Investigative Hearing Board.

SB 1214 — Made various changes to laws governing the state Registrar of Contractors, including modifying eligibility for payment from the Residential Contractors Recovery Fund and licensure by the Registrar of Contractors.

workplace harassment (IAWH), similar to what is currently available to individual citizens at their home or when they are out in public. The employer would be able to restrain the person from “coming near the employer’s business or contacting the employer, employees or other persons on the employer’s property and may grant other relief necessary to protect the employer, the workplace

and persons at the workplace,” according to a State Senate analysis.¹² Prior to the law taking effect, an employer had to document a series of threats or violent acts in order to get an order of protection.¹³ In 1997, U.S. Department of Labor data showed that there were 1,103 assaults and violent acts committed at the workplace (including 26 in Arizona).

Passage of HB 2614 established the

Recreational Vehicle Rental Space Act, which “regulates the rental of RV spaces and prescribes the rights and obligations of the landlord and tenant,” according a state Senate analysis.¹⁴ The new law, which was modeled after a Florida law, outlines terms and conditions of rental agreements and disclosure requirements of written contracts. It also allows an arbitration board to hear disputes between landlords and tenants.¹⁵ A tougher bill that would have established a form of rent control failed to get out of committee. The legislation came about because of complaints about steep hikes in rental spaces, as much as 80 percent, one newspaper article said.¹⁶

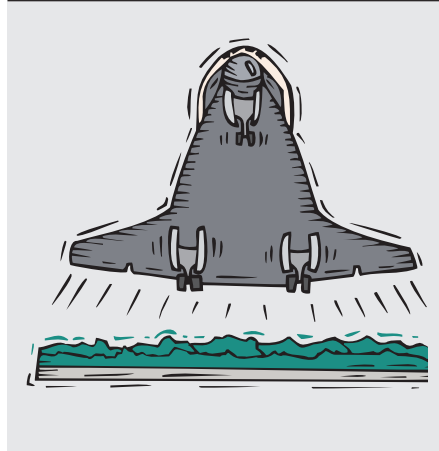
Economic Development

By far the most significant accomplishment among business growth issues was the passage of four of five bills promoting new technology industries. “Each of these new laws will play an important role in preparing our economy for the knowledge-based markets of the future,” said Tucson Mayor Bob Walkup, who has promised to bring 10,000 high-tech jobs to the Old Pueblo within the next couple of years.¹⁷

Not every legislator, however, thought subsidizing New Economy companies was a worthy goal. “Why do we need to subsidize the New Economy if it’s that great?” said Rep. Mark Anderson.

“We have companies spring up that are making billions of dollars ... and now they’re come to us and saying, ‘We need help to train our little workers ...’”¹⁸ That was countered by Ed Dennison, president of the Arizona Software and Internet Association, who said that most of the companies applying for training funds are small companies (under 10 employees) that are devoting a large amount of capital to research and development.¹⁹

One bill (HB 2262) increased funds for overall job training from \$6 million to \$18 million through some cre-



*New Law Seeks to Bring
Next Generation of Spaceships
to Arizona*

ative shuffling of business taxes. While business will be charged a new 0.1 percent job-training tax, the state will temporarily repeal 0.1 percent of the businesses’ Unemployment Insurance tax, which pays weekly benefits to out-of-work residents. The Legislature was able to accomplish this because of a surplus in the state’s UI Trust Fund.²⁰ Governor Jane Hull had wanted to fund job training by getting Congress to repeal a federal 0.2 percent unemployment tax that is set to expire in 2007, passing a 0.1 percent savings onto business and using the other 0.1 percent for job training. However, Hull and 40 other governors were unsuccessful in lobbying for the change, although there still is an effort to eliminate the federal tax sooner.

The state Department of Commerce will administer job-training funds for new and expanding businesses. Beginning in 2001, the state will offer to pay, for eligible companies, 75 percent of the cost of training new employees and 50 percent of the cost of retraining existing workers.

Another job-training bill (HB 2442) passed by the Legislature specifically targets information technology companies. It provides \$2.5 million in corporate and individual income tax

credits that can total up to \$1,500 annual savings per employee. Companies would be eligible for only 50 percent of the training cost and no one company could get credit for more than 20 of its workers.²¹ Arizona is the first state to approve these type of tax credits, according to a story in *The Arizona Republic*.²² And it dovetails with recently passed federal legislation pushed by high-tech companies that increases by 600,000 the number of foreign workers eligible for H-1B visas over the next three years.

The third New Economy bill passed by the Legislature provides \$100,000 to support the development of nine “clusters” of industries that Arizona believes will bring economic growth, added income, and stability to the state. The economic clusters, which are a “geographic concentration of interdependent competitive firms in related industries that do business with each other,” came out of the state’s GSPED (Greater Strategic Program for Economic Development) initiative that was instituted in the early 1990s by then Gov. Fife Symington.²³ Originally totaling seven, today there are nine clusters: information technology (computer software), optics, plastics and composite materials, tourism, transportation and distribution, senior (citizen) industries, minerals and mining, high technology, environmental technology, and biotechnology.

“It’s the first time high-tech clusters have received any type of business development funding from the state,” said Bob Hagen, an official with Tucson’s Information Technology cluster. “... it’s not so much the dollar amount appropriated this year, it is more the recognition of the importance of the clusters.”²⁴ The legislation originally called for \$700,000 in funding for industry clusters for tasks such as capital formation, telecommunication infrastructure, and public relations. The city of Tucson also approved giving \$140,000 to seven local cluster groups.²⁵

Another high-tech bill (HB 2069) passed by the Legislature was the Arizona Electronic Transaction Act (AETA), which “recognizes electronic documents and signatures as legally binding paper records.”²⁶ The legislation allows for electronic commerce consistent with modern electronic business practices. The uniformity will allow for intrastate, interstate, and international e-commerce transactions. The Act outlines the conduct for secure electronic transactions, contracts and signatures. Further, it provides full legal recognition to the transactions and allows for electronic notaries (see “Occupations,” below). Finally, AETA eliminates the requirement for a document to be in a hard-copy paper form with a written signature.²⁷

The other New Economy bill (HB 2287) that became law provides tax incentives for the purchase and installation of solar devices, promotes the buying of energy-efficient homes, and encourages utilities to use renewable resources (e.g., solar, wind) for generating power.

This law reinstates the transaction privilege tax exemption for contractors supplying or installing solar devices (costing \$5,000 or less) that had been repealed in 1997. In addition, HB 2287 changes the valuation methodology for renewable energy equipment to 20 percent of the depreciated cost of the equipment and provides income tax incentives for the purchase of energy-efficient homes.

One New Economy bill (HB 2447) that received a lot of attention during the session, but failed, would have set up a \$100 million venture-capital fund to invest in small high-tech companies that could not otherwise receive financing. Contributors to the Arizona Capital Access Program would have received a contingent tax credit capped at \$2.5 million per investor per year with a total cap of \$10 million per year.

Among other economic development legislation passed was a No-

Table 2

Characteristics of “New Economy” and Related Arizona Legislation

Characteristics:

Instantaneous — Instead of a letter that takes three days to receive, we e-mail pictures of the children to Grandpa over the Internet, which is received in a matter of seconds.

Convenient — Instead of “shopping around” in 109° heat, we compare prices and purchase goods from the comfort of home.

Regionally/Globally Competitive — Instead of a few competitors in the same city, every local business now has competitors around the world.

Accessible — Instead of standing in line at a government office, we get applications and register our cars without leaving our home or office.

Legislation:

HB 2442 — Provides \$2.5 million in corporate and individual income tax credits for technology skills training that can total up to \$1,500 annual savings per employee.

HB 2689 — Provides \$100,000 to support the development of nine GSPED “clusters” of industries that Arizona believes will bring economic growth, added income, and stability to the state.

HB 2069 — Arizona Electronic Transaction Act, which recognizes electronic documents and signatures as legally binding paper records.

HB 2287 — Reinstates the transaction privilege tax exemption for contractors supplying or installing solar devices costing \$5,000 or less.

Source: “New Economy” characteristics taken from Arizona Department of Commerce Internet site, www.azcommerce.com.

vember ballot measure to let voters in Maricopa County decide if they want to increase car-rental and hotel taxes to fund tourism and a football stadium for the Arizona Cardinals and Fiesta Bowl; a tax exemption for private industry to build a spaceport; and a property tax credit for electric-generation companies, which was primarily targeted at the Griffith Energy Project currently under construction near Kingman.

Despite support from the Speaker of the House and a host of lobbyists, the tourism/Arizona Cardinals bill (SB 1220) needed a “come-from-behind”

victory to make it onto the ballot. On its first House vote, it lost by a 31-27 margin, and it took some behind-the-scenes wrangling and a last-minute changed vote to pass. In the end, the bill — which calls for additional taxes on rental cars and hotel rooms — took care of a variety of interests to make it palatable to legislators and ultimately to voters. Besides putting up \$331 million to pay for three-quarters of the cost of a domed football stadium, if passed the ballot measure would increase by \$6 million and pay for most of the state’s annual tourism budget, put up additional

funds for building or improving Cactus League stadiums, and spend \$40 million over the next 20 years to build youth recreational facilities (e.g., soccer fields, baseball diamonds).

HB 2324 may be a boon for companies that build and operate electric-generation plants, but do not transmit or deliver the electricity to retail customers (homeowners and businesses). With electric deregulation in Arizona, the electric utility business has been broken down into two separate functions — electric generation and the transmission and delivery of electricity.

The bill offers significant tax breaks in the form of accelerated depreciation and lower valuation methods.²⁸ In the case of the Griffith project, the developer of the natural gas-fired electric-generation plant said the project wouldn't be economically feasible without an accelerated depreciation of property taxes. This could prove beneficial to a number of other utility operators as well. In the past couple of years, plans for 13 electric-generation plants have been announced, many of which will fall into the Griffith category.

The state also passed legislation (SB 1531) that eliminates the sales tax on construction materials used to build a spaceport in Arizona. No, this wasn't in response to the "Phoenix lights" phenomenon or other numerous UFO sightings. Apparently there are a number of companies that are working on the next generation of space vehicle, such as Lockheed's X-33, which will be used for commercial purposes, such as launching satellites or flying low-level orbits to deliver packages halfway across the world. The newer space vehicles, which should be lifting off in about 10 years, also do not require being near an ocean because they won't have rocket boosters that need to be jettisoned.

And it could be a boon to the state. The loss of sales tax on materials for



*Arizona Cardinals/
Tourism/Youth Sports Legislation*

constructing an \$80 million to \$300 million spaceport would be minuscule compared to its economic impact, estimated between \$1.5 billion and \$2 billion, according to the bill's author, Sen. Darden Hamilton.²⁹ Arizona also may be helped in its quest to "shoot for the stars" by its good weather, vast areas of open space, and the fact that about 60,000 people in the state are employed by 300 space-related companies, according to the Arizona Department of Commerce.³⁰

Finally, one law the state probably wished it hadn't passed — or at least a portion of it dealing with alternative-fuel vehicles — was the Clean Air Act of 2000 (SB 1504). As an incentive to get the public to purchase less-polluting vehicles, a last-minute inclusion in the bill gave 30 to 50 percent tax rebates on the full cost of new cars that operate on alternative fuels (e.g., compressed natural gas, propane) — either factory-made or vehicles retrofitted to run on alternative fuels. Originally, state econo-

mists estimated the cost of the program at \$3 million, but as of mid-October the cost had reached an estimated \$300 million and counting. The biggest rub was that even with all of these incentives, there is no requirement that car owners use an alternative fuel. In almost 90 percent of the cases where the state made rebates, the cars have both gasoline and alternative-fuel tanks, according to a state official.³¹

Labor

With the exception of high-profile legislation that was supported by both business and labor (Growing Smarter Plus, Tourism/Stadium Tax, see "Business, Economic Development," above), this year's session didn't provide many breakthroughs for Arizona labor interests. However, as has been the case for the entire 1990s, labor had to spend much of its time fending off bills it considered detrimental to workers. And for the most part, labor interests were successful.

"AFSCME's strength was again on defense, beating back attempts to take away merit system protections, as well as attempts to privatize state jobs — from prisons to print jobs," said a press release from the Arizona branch of the American Federation of State, County, and Municipal Employees.³²

There were two pieces of legislation that labor officials spent a significant amount of time and effort attempting to influence the outcome, ending with a split verdict. One bill (SB 1512) which labor backed, but was defeated, would have enhanced "whistleblower" protections for state university and community college employees. Another bill (SB 1425), which was opposed by labor and defeated, would have prohibited cities and counties from passing ordinances requiring contractors to pay employees a "living wage" (see "Business," above).

Currently, university and community

colleges set up their own whistleblower rules. That's different from other state employees, who are covered under a separate statute that, despite being broadened and strengthened in recent years, is considered "weak" by Carol Bernstein, state president of the American Association of University Professors.³³ A research associate professor at the University of Arizona College of Medicine, Bernstein points to only two successful whistleblower outcomes out of 57 complaints by state employees between July 1990 and June 1999.

Among the major provisions of the whistleblower bill were: protecting disclosures made orally (instead of in writing), expanding the number of categories that constitute retaliation, and finding a mutually acceptable independent hearing officer.

Universities and the state Department of Administration opposed the law because it would meddle with the (universities') grievance system and "create headaches for administrators fighting disgruntled employees," said Greg Fahey, a University of Arizona lobbyist.³⁴ "The language is so broad that you get to be a whistleblower for just disagreeing with your supervisor." Bernstein said the burden of proof is on the whistleblower and about 20 whistle-blowers at the state's three universities and community colleges have complained to her about severe reprisals.³⁵

The defeat of the bill restricting cities and counties from enacting "living wage" laws was a major victory for labor interests. Three years earlier, the state had passed a law making it illegal for cities to establish their own minimum wage. The difference — the Tucson living wage law, which was enacted in September 1999, only affects companies that contract with the city.

A number of legislators were "hoping to slow a movement by progressives who simply believe workers should be paid living wages and em-



*Day Created Recognizing
Arizonan Cesar Chavez*

ployers encouraged to provide health insurance for their workers, rather than passing the cost of providing health care on the backs of taxpayers," said an AFSCME release. "By compelling the private sector to pay living wages, this makes privatization of public jobs less attractive to bargain hunting private sector privateers."³⁶

Taking another perspective, the political action director for the state AFL-CIO, said it's an issue of "local control." The Legislature says it wants local control when it deals with the federal government, "then you say 'no' when it comes to cities," said Chris Wagner.

Labor was less successful, however, in lobbying the Legislature to limit privatization of public sector jobs. Only a veto by the governor stopped the privatization of state print shops, while a bill to keep a pilot program for privatizing welfare-reform offices from expanding was defeated. Subsequently, private contractor Maximus, which operates welfare-reform (Arizona Works) offices in Maricopa

and Yuma counties, was directed by the state to expand operations to Mohave County. If successful, privatization of welfare-reform offices may be expanded to all 15 counties.

Occupations

After a tumultuous 1999 session that included overhauling the Board of Medical Examiners, the Legislature decided it needed a breather in 2000. In fact, comparing the depth of this year's occupational legislation to 1999's, would be like equating a common cold to a heart attack. Still, like '99, a majority of the three dozen or so bills pertaining to occupational changes dealt with medical occupations, including a law that eased slightly the restrictions on licensing of long-term care givers who have a criminal past.

There were also several consumer-friendly laws enacted, including requiring dentists to disclose the type of material used for fillings, stiffening the fines for contractors violating state statutes, and making pharmacy personnel notify patients of the price differences between generic and name-brand drugs. And like the emphasis on high-tech legislation among economic development bills passed this year, the New Economy also played a part in occupational regulations with the passage of the Electronic Notarization Act, which makes digitized "electronic" signatures a valid form of signing legal transactions. Finally, there were several significant changes made regarding licensing of security guards, particularly pertaining to the carrying of arms.

The changes in the licensing of long-term care givers was necessary because a 1998 law — passed in the specter of high-profile problems with BOMEX and reports of elderly abuse in nursing homes — was so strict that it had barred for life more than 600 applicants, many of whom had been convicted of minor crimes (e.g., shoplifting, bad check writing). The passage of SB 1263 gives individuals a

“second chance,” allowing them to “appeal their cases and possibly have them overturned by the Arizona Board of Fingerprinting,” said an article in *The East Valley Tribune*.³⁷ The board will consider how long ago the crime was committed and the circumstances behind it, as well as the person’s criminal history.³⁸

Too lenient regulation was the problem for the security guard industry, particularly when it came to using firearms. And with an estimated 18,000 security guards in Arizona and an annual growth rate of 5 percent, the industry posed additional demands and risks on its regulating agency, the Department of Public Safety (DPS). HB 2662 makes a significant number of changes in this area, including giving several of DPS’ oversight responsibilities to the Private Investigative Hearing Board. The Board is now authorized to conduct investigations and hearings relating to disciplinary actions or denial of licenses for private investigators. DPS, however, still issues licenses; keeps records of licensees, including renewals, revocations, suspensions and complaints; and investigates complaints.

Among other changes were:

- more stringent qualifications to obtain a security agency license, including setting a minimum age of 21 and increasing the number of years (from one to three) of previous experience as a manager of any agency or supervisory experience with a law enforcement agency or the U.S. military;
- requiring an agency to identify training requirements;
- and establishing a separate license for armed security guards, along with a number of restrictions over armed guards, including that an armed security guard does not have the authority of a regularly commissioned police or peace officer.

There were two significant occupational bills relating to education per-

Table 3

Major Changes Made to Registrar of Contractors’ Licensing Requirements, Penalties

- Increases the minimum amount of the fine from \$500 to \$1000, for the first offense of specified acts and the minimum amount of a fine, from \$750 to \$ 2000, for the second and subsequent violations of the specified acts.
- Requires the Registrar to suspend, by operation of law, a license issued by the Registrar if the licensed entity is dissolved, the licensed entity does not have authority to do business in Arizona or the license is obtained or renewed with an insufficient funds check. Specifies the license remains suspended until the Registrar receives a certified check, money order, or cash payment.
- Allows a claimant who has paid a deposit or down payment and no actual work is performed or materials delivered, the award of actual damages not exceeding the dollar amount of the deposit or down payment plus interest at the rate of 10 percent a year or not more than \$20,000, whichever is less.
- Prohibits a person who has been criminally convicted of contracting without a license from being eligible to obtain a contractors license for one year after the date of the last conviction.
- Deems it unlawful for any person, firm, partnership, corporation, association or other organization, or a combination of any of them, to submit a bid or respond to a request for qualification or a request for proposals for construction services without having a contractor’s license in good standing in the name of the person, firm, partnership, corporation, association or other organization.

Source: SB 1214, 44th Arizona State Legislature, 2nd Annual Session.

sonnel, one dealing with the state’s rapid population (and thus student) growth and the other, safety of students. HB 2265 requires the state Board of Education to adopt rules for a one-year reciprocal teaching certificate with minimum requirements, expediting the process for out-of-state teachers to get into the classroom if they currently hold valid certification from another state.

HB 2220 mandates all employees of a school district to be certified as having undergone a fingerprint and criminal background clearance, where previously only new teachers were required to meet this standard. Crimes that could exclude someone from receiving a teaching certificate include domestic violence, child abuse, assault, arson, burglary, robbery, or other felony offenses.

Another law expands the regulatory authority of the state Supreme Court and Court Reporters Board over the Court Reporter Certification Program. SB 1249 now requires the Supreme Court to administer the program (e.g., collect fees, adopt and enforce rules) and allows the Court Reporters Board to refuse, revoke or suspend certification under specific circumstances and gives the board the authority to investigate complaints.³⁹

Among occupational bills pertaining to medical professions, the Legislature passed several laws affecting pharmacists. One of them (SB 1080) mandates a pharmacy employee notify consumers the price difference between a generic and name-brand drug. In addition, the bill allows prescriptions from appropriately licensed Canadian doctors be filled in Arizona,

except for controlled substances (e.g., morphine) in schedules I through V. Another bill (HB 2415) gives pharmacists the ability to "implement, monitor, and modify" a patient's drug therapy, under specific settings (e.g., hospital, HMO staff model, nursing care institutions), in collaboration with that patient's physician, but says a pharmacist who otherwise violates these conditions commits an act of "unprofessional conduct."

Twenty-seven states have modified their laws or existing regulations to permit collaborative practice agreements between physicians and pharmacists.⁴⁰

Another bill (SB 1214) made various changes to laws governing the Registrar of Contractors, including modifying eligibility for payment from the Residential Contractors Recovery Fund and licensure by the Registrar of Contractors, and doubling the handyman exemption (see Table 3).

Notes:

1. "4 of 5 New Economy bills get through Legislature," Tara Teichgraber, *The Business Journal*, April 21, 2000, p. 4).
2. "Tax cuts out of legislative loop," Hal Mattern, *The Arizona Republic*, Jan. 11, 2000, p. D1.
3. "Legislature gets mixed reviews from business," Hal Mattern, April 10, 2000, www.azcentral.com.
4. "Lawmakers score well, with a few 'incompletes,' Hull says," News Release, Executive Office of Gov. Jane Dee Hull, State of Arizona, April 19, 2000.
5. "Hull fears HMO reform will drive up costs, but will let bill become law," Howard Fischer, *Capitol Media Services*, published in *East Valley Tribune*, March 24, 2000.
6. "Patients given right to sue HMOs," Howard Fischer, *Capitol Media Services*, published in *East Valley Tribune*, March 16, 2000, p. A1.
7. Ibid.
8. Ibid.
9. "Cybercrime bill takes big step," Robbie Sherwood, Feb. 24, 2000, www.azcentral.com.
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— Brent Fine
Arizona Economic Trends Editor

Job Growth Slowed Slightly in State During 2nd Quarter

Arizona gained 98,000 nonfarm payroll jobs over the year in the second quarter of 2000, allowing the state to hold its place among the five fastest growing states with a 4.6 percent annual growth rate. While the quarterly over-the-year growth was less than in

ARIZONA'S WORKFORCE — 2ND QTR. 2000

the first quarter of 2000 (101,700), the total was still greater than in any quarter in 1999 or 1998. Nearly half of the over-the-year second-quarter job growth (47 percent) was in services, while trade and government added another 33,900 jobs in nearly equal shares (17,000 or 17.3 percent) and (16,800 or 17.1 percent), respectively.

Arizona manufacturing industries added 1,800 jobs in the second quarter. During the past five quarters, manufacturing has added 5,200 jobs. Most of the second-quarter gain was in machinery, and aircraft & missiles manufacturing, where most of Arizona's high-tech factory jobs are located. Machinery manufacturing includes the semiconductor and electronic components sector, which benefitted from robust personal computer and hand-held device sales.

Mining employment grew by 100 in the second quarter, which can be attributed to a seasonal event — sand and gravel mining operations gearing up in the spring to serve the accelerating construction industry. Mining had been on a general employment decline for the previous 10 quarters with one small (300) growth blip in the second quarter of 1999. By this year's second quarter, the mining industry had lost 2,800 jobs since second quarter 1999. The greater part of those losses was in the copper mining component, which had experienced major losses (2,600) in the third quarter of 1999.

(continued on page 19)

Figure 1

Quarterly and 10-Year Average Quarterly Change in Arizona Major Industry Employment, 2nd Qtr. 2000¹

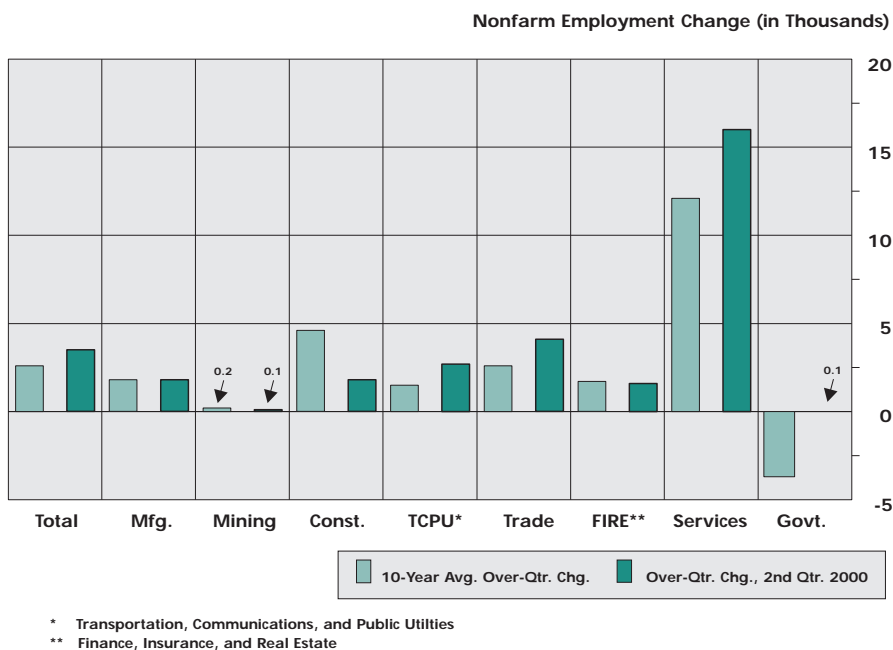
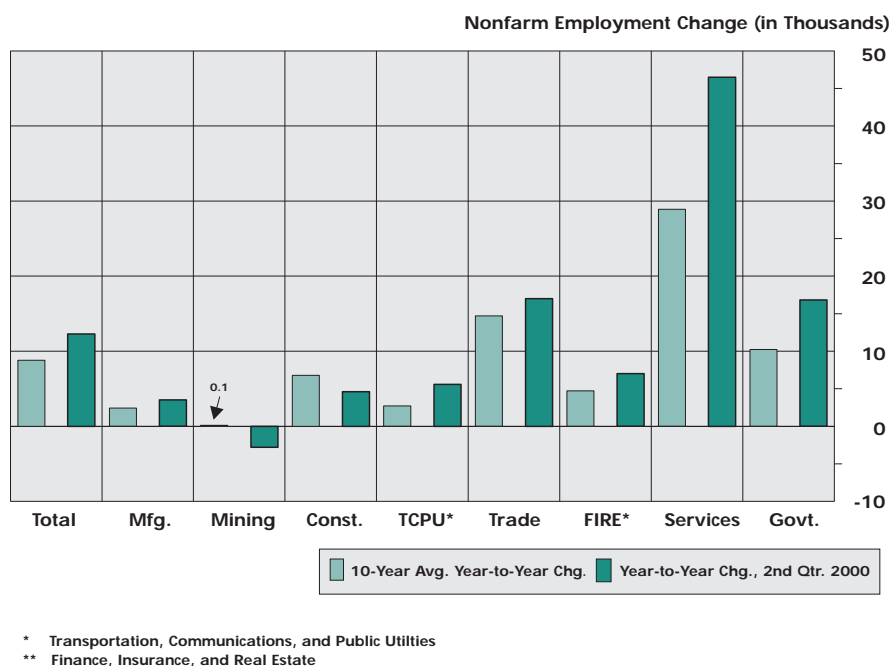


Figure 2

Year-to-Year Change and 10-Year Average Year-to-Year Change in Arizona Major Industry Employment, 2nd Qtr. 2000¹



Note: 1) Quarterly averages of monthly data, not seasonally adjusted

Source: Arizona Dept. of Economic Security, Research Administration, August 2000

Table 1

**Arizona Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change,
2nd Qtr. 1999-2nd Qtr. 2000⁽¹⁾**

(in Thousands)

	99/2	99/3	99/4	00/1	00/2	10-year Avg. of Qtr. 2 Changes
Civilian Labor Force	2,356.9	2,393.8	2,399.0	2,376.4	2,397.0	
Quarterly Change	2.2%	1.6%	0.2%	-0.9%	0.9%	1.7%
Annual Change	5.3%	4.8%	4.1%	3.1%	1.7%	2.9%
Total Employment	2,249.2	2,273.5	2,304.2	2,290.8	2,307.0	
Quarterly Change	1.7%	1.1%	1.3%	-0.6%	0.7%	1.5%
Annual Change	4.7%	4.4%	4.3%	3.6%	2.6%	3.1%
Total Nonfarm Payroll Employment	2,154.1	2,143.2	2,221.1	2,224.0	2,252.2	
Quarterly Change	1.5%	-0.5%	3.6%	0.1%	1.3%	1.2%
Annual Change	4.2%	4.2%	4.2%	4.8%	4.6%	4.1%
Manufacturing	211.2	212.1	212.6	212.9	214.7	
Quarterly Change	0.8%	0.4%	0.3%	0.1%	0.8%	0.9%
Annual Change	-2.8%	-2.6%	-0.6%	1.6%	1.6%	1.3%
Mining and Quarrying	12.8	10.3	10.1	9.9	10.0	
Quarterly Change	2.4%	-19.5%	-2.3%	-2.0%	1.3%	1.5%
Annual Change	-2.0%	-19.5%	-20.9%	-21.0%	-21.8%	0.8%
Construction	153.5	158.4	158.6	156.3	158.1	
Quarterly Change	3.9%	3.1%	0.2%	-1.5%	1.2%	4.6%
Annual Change	8.3%	7.7	5.4	5.8	3.0	6.3
Transportation, Communications, and Public Utilities	103.2	104.4	106.7	106.1	108.8	
Quarterly Change	2.7%	1.2%	2.2%	-0.6%	2.5%	1.7%
Annual Change	2.9%	2.8%	3.0%	5.5%	5.4%	3.1%
Finance, Insurance, & Real Estate	138.8	140.8	143.1	144.2	145.8	
Quarterly Change	2.1%	1.5%	1.6%	0.8%	1.1%	1.5%
Annual Change	2.7%	3.7%	2.9%	6.1%	5.0%	4.3%
Trade	510.3	506.7	525.9	523.2	527.3	
Quarterly Change	1.6%	-0.7%	3.8%	-0.5%	0.8%	0.6%
Annual Change	3.1%	3.1%	3.0%	4.1%	3.3%	3.5%
Services and Miscellaneous	676.4	683.7	700.8	706.8	722.8	
Quarterly Change	3.0%	1.1%	2.5%	0.9%	2.3%	2.4%
Annual Change	8.2%	8.5%	9.1%	7.6%	6.9%	5.7%
Government	347.9	326.8	363.3	364.6	364.6	
Quarterly Change	-2.5%	-6.1%	11.2%	0.3%	0.0%	-1.2%
Annual Change	2.6%	1.9%	1.2%	2.2%	4.8%	3.5%

Notes: 1) Detailed industry data may not add up exactly due to averaging.
NA = Not Available
See Table 3 for Source

Table 2

Phoenix-Mesa Metropolitan Area Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change, 2nd Qtr. 1999-2nd Qtr. 2000^{(1)(2)(a)}

(in Thousands)

	99/2	99/3	99/4	00/1	00/2	10-year Avg. of Qtr. 2 Changes
Civilian Labor Force	1,567.9	1,588.8	1,601.1	1,588.4	1,596.2	
Quarterly Change	1.7%	1.3%	0.8%	-0.8%	0.5%	1.4%
Annual Change	5.8%	4.9%	4.2%	3.0%	1.8%	3.6%
Total Employment	1,519.1	1,537.1	1,555.6	1,545.6	1,556.3	
Quarterly Change	1.6%	1.2%	1.2%	-0.6%	0.7%	1.6%
Annual Change	5.1%	4.6%	4.3%	3.3%	2.5%	3.8%
Total Nonfarm Payroll Employment	1,520.0	1,514.0	1,566.0	1,565.3	1,585.1	
Quarterly Change	1.5%	-0.4%	3.4%	0.0%	1.3%	1.3%
Annual Change	4.8%	4.5%	4.3%	4.5%	4.3%	4.4%
Manufacturing	165.0	164.9	164.5	164.3	165.1	
Quarterly Change	0.1%	-0.1%	-0.2%	-0.2%	0.5%	0.7%
Annual Change	-3.3%	-3.4%	-2.0%	-0.3%	0.1%	1.6%
Mining and Quarrying	5.4	3.0	2.9	2.8	2.9	
Quarterly Change	4.5%	-44.2%	-4.4%	-2.3%	1.2%	0.5%
Annual Change	-4.1%	-43.8%	-46.0%	-45.5%	-47.2%	2.7%
Construction	112.8	116.0	116.0	114.2	115.4	
Quarterly Change	3.8%	2.9%	-0.1%	-1.5%	1.0%	4.1%
Annual Change	8.8%	7.6%	4.8%	5.1%	2.3%	7.1%
Transportation, Communications, and Public Utilities	79.0	80.0	82.1	81.6	84.3	
Quarterly Change	3.0%	1.2%	2.6%	-0.6%	3.3%	1.7%
Annual Change	7.5%	7.7%	7.3%	6.4%	6.6%	4.0%
Finance, Insurance, & Real Estate	117.9	119.8	121.6	122.7	124.1	
Quarterly Change	1.9%	1.6%	1.5%	0.9%	1.1%	1.5%
Annual Change	4.5%	4.6%	3.4%	6.0%	5.2%	4.8%
Trade	364.1	361.8	375.5	373.8	376.6	
Quarterly Change	1.5%	-0.6%	3.8%	-0.5%	0.7%	0.6%
Annual Change	3.7%	3.7%	3.3%	4.2%	3.4%	3.8%
Services and Miscellaneous	490.7	496.1	510.3	514.1	526.5	
Quarterly Change	2.5%	1.1%	2.9%	0.7%	2.4%	2.3%
Annual Change	8.8%	8.8%	9.3%	7.4%	7.3%	6.3%
Government	185.1	172.4	193.1	191.8	190.3	
Quarterly Change	-2.5%	-6.9%	12.0%	-0.7%	-0.8%	-0.8%
Annual Change	1.9%	0.5%	-0.1%	1.0%	2.8%	3.2%

Notes: 1) Detailed industry data may not add up exactly due to averaging
 2) The introduction of Pinal County into the Phoenix-Mesa Metropolitan Area has created an inconsistency in the mining employment data beginning in 1990
 a) Phoenix-Mesa Metropolitan Area includes Maricopa and Pinal counties
 NA = Not Available
 See Table 3 for Source

Table 3

**Tucson Metropolitan Area Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change,
2nd Qtr. 1999-2nd Qtr. 2000^{(1)(b)}**

(in Thousands)

	99/2	99/3	99/4	00/1	00/2	10-year Avg. of Qtr. 2 Changes
Civilian Labor Force	382.1	387.2	394.3	395.8	396.6	
Quarterly Change	2.0%	1.3%	1.8%	0.4%	0.2%	0.6%
Annual Change	3.5%	5.2%	5.6%	5.7%	3.8%	2.4%
Total Employment	371.7	373.0	380.9	383.6	386.1	
Quarterly Change	2.0%	0.3%	2.1%	0.7%	0.7%	0.7%
Annual Change	0.6%	1.4%	2.0%	5.2%	3.9%	2.6%
Total Nonfarm Payroll Employment	335.2	331.2	346.1	350.5	354.5	
Quarterly Change	1.8%	-1.2%	4.5%	1.3%	1.1%	0.4%
Annual Change	2.9%	3.6%	4.6%	6.5%	5.7%	3.0%
Manufacturing	29.9	31.1	32.1	32.8	33.3	
Quarterly Change	4.6%	4.2%	3.1%	2.2%	1.5%	1.2%
Annual Change	3.0%	5.4%	10.6%	14.8%	11.5%	0.8%
Mining and Quarrying	2.0	1.8	1.8	1.8	1.8	
Quarterly Change	-3.2%	-8.3%	-1.8%	0.0%	0.0%	1.5%
Annual Change	-9.1%	-14.1%	-14.3%	-12.9%	-10.0%	-0.2%
Construction	21.4	22.2	22.4	22.1	22.1	
Quarterly Change	5.6%	4.1%	0.9%	-1.3%	0.0%	4.2%
Annual Change	8.6%	10.4%	11.8%	9.4%	3.6%	3.6%
Transportation, Communications, and Public Utilities	11.9	12.3	12.3	12.3	12.3	
Quarterly Change	1.7%	3.7%	0.0%	-0.3%	0.5%	1.7%
Annual Change	-13.0%	-12.1%	-10.2%	5.1%	3.9%	2.2%
Finance, Insurance, & Real Estate	12.9	13.1	13.6	13.6	13.8	
Quarterly Change	2.6%	1.5%	3.6%	-0.2%	1.5%	0.7%
Annual Change	0.8%	0.5%	-0.2%	7.7%	6.4%	1.2%
Trade	70.6	70.0	73.2	73.4	74.1	
Quarterly Change	1.7%	-0.9%	4.7%	0.3%	0.9%	-0.9%
Annual Change	1.6%	2.2%	3.1%	5.8%	5.0%	2.0%
Services and Miscellaneous	113.2	113.1	115.0	117.6	119.4	
Quarterly Change	2.6%	-0.1%	1.7%	2.3%	1.5%	1.4%
Annual Change	6.6%	6.4%	7.6%	6.7%	5.5%	4.7%
Government	73.5	67.5	75.6	76.9	77.6	
Quarterly Change	-1.3%	-8.1%	12.0%	1.8%	1.0%	-1.0%
Annual Change	0.7%	2.0%	1.7%	3.3%	5.7%	3.1%

Notes: 1) Detailed industry data may not add up exactly due to averaging
b) Tucson Metropolitan Area includes all of Pima County
NA = Not Available

Source: Arizona Department of Economic Security, Research Administration, and U.S. Bureau of Labor Statistics, August 2000

AZ OIS Program Issues New Software on CD-ROM

Arizona Futures, the Windows-based version of the Occupational Information System (OIS) of Arizona, is now available for distribution on CD-ROM. The software is designed to assist individuals with vocational assessment and career exploration.

Earlier versions of the OIS of Arizona have been used at more than 600 sites throughout Arizona. User sites have included various types of schools, public and private rehabilitation offices, JTPA/WIA sites, welfare-to-work programs (Arizona Works), social service agencies, correctional facilities, libraries, community-based organizations, and diverse city, state, and county entities. Like the OIS of Arizona, *Arizona Futures* does not require any license for use and is available free of charge.

The minimum system requirements to use the software are: Windows 95 or higher or Windows NT, Internet Explorer 4.0 or higher, 32MB RAM, and 80MB of free hard disk space.

Arizona Futures contains interactive point and click screens (see Figures 1 and 2) as well as search screens. The "Help" screens in *Arizona Futures* are HTML (hypertext markup language) documents linked to an alphabetical list of contents.

When a user clicks on "Help" from the "Main Menu," a second screen opens with an alphabetical list of the program's contents. Clicking on any of the links brings up the "User's Manual" text for that subject. Each HTML document has a link back to the contents page, or the user can use the "Back" button on the browser tool bar. Free user training is available on request.

To order the CD-ROM or if you have any questions, please call, write, or e-mail:

DES, ASOICC
Site Code 897J
P.O. Box 6123

Figure 1

The "Career Assessments" section of *Arizona Futures* offers three tools for career exploration: "USES Interest Inventory," "Work Temperaments Inventory," and "GATB (General Aptitude Test Battery)"

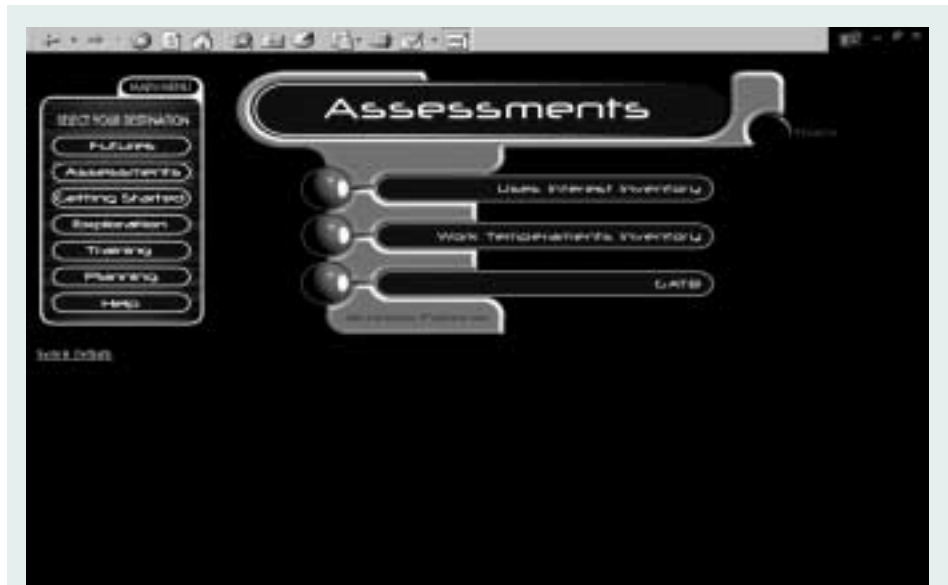
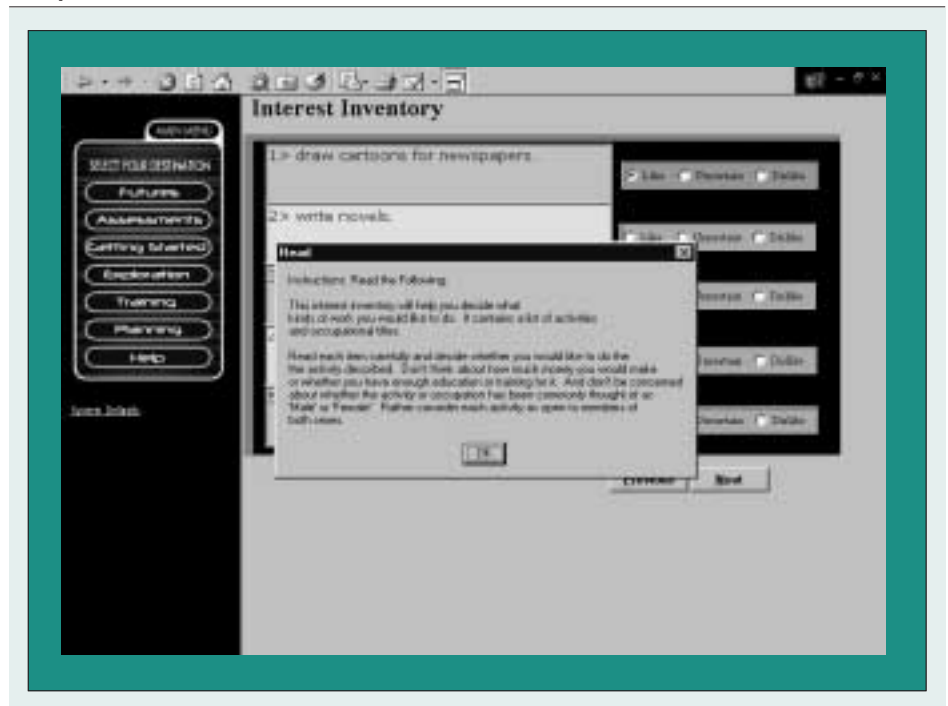


Figure 2

The "Interest Inventory" section of the "Career Assessments" module helps explore potential careers by asking users a series of questions on their likes and dislikes of occupations and activities

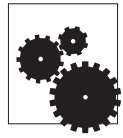


Phoenix, AZ 85005-6123
(602) 542-6481 - phone,
(602) 542-6474 - fax
vvgvrvan@de.state.az.us - e-mail

AET

— Rick Van Sickle
ASOICC Director

Industry Update



Phoenix Metro Area

Manufacturing

As part of a planned expansion, Phoenix-based **Gum Tech International** plans to **add more research scientists**, due to the success of a nasal gel cold-remedy product. Gum Tech, whose primary products up until now have been chewing gums that help people quit smoking, may also change its name to reflect its new business.

Motorola's Computer Group in Tempe expects to see its **current staff of 1,700 grow by as much as 1,000 workers** by early 2002. The Motorola unit supplies computing products for the telecommunications, network-storage, and semiconductor industries.

Although it's still in its infancy, **Micro Photonix Integration Corp.** in north Phoenix has the **potential to become a major player in the lucrative fiber-optic business**. With 50 patents pending, including an automated process to build modulators — the most important component of fiber-optic networks — Micro Photonix is **close to completing its first plant and expanding its workforce**. Full production of the modulators — which turn electrical signals from telephones and computers into optical signals — is expected to begin in the first quarter of 2001. The company will need workers with skills in fiber optics, microwave technology, high-precision manufacturing, and semiconductor fabrication.

Needing space to expand its horizons, the world's largest guitar maker will **move its corporate headquarters**, literally across the street, to a 70,000-square-foot building on the Salt River Pima-Maricopa Indian Community. Scottsdale-based **Fender Musical Instruments Corp.** currently has between 250 and 300 administrative, marketing, and accounting employees at its offices on Pima Road. The 54-year-old company will move into a one-story office building, near Loop 101 and Chaparral Road, within a year.

Construction

Marriott Corp. says it will **build Arizona's largest resort and conference center** as part of the 5,723-acre Desert Ridge multi-use project in northeast Phoenix. The high-end facility, which will include a 950-room hotel, 200,000 square feet of meeting space, two 18-hole golf courses, 10 restaurants, three swimming pools, and spa, will cost between and estimated \$250 and \$500 million. Upon scheduled completion in November 2002, Marriott says the resort, located between Tatum Boulevard and 56th Street north of Deer Valley Road, will **employ 1,700 people**.

Work on **two office projects valued at nearly \$40**

million will begin within the next year, while **development of the second phase of an upscale retail shopping complex** has already started. Developer Woodbine Southwest has begun work on the **second phase of Kierland Commons**, a \$65 million retail shopping center on Scottsdale Road across from the Scottsdale Airpark. About half as big as the first phase, the second section will focus on upscale women's clothing stores. The first phase, which is expected to open in spring of 2001, will feature a number of high-end restaurants, including the Phoenix-area's first Cheesecake Factory restaurant. The **two office projects** consist of a **\$25 million, 120,000- to 150,000-square-foot complex of buildings** at Baseline and Cooper roads in Gilbert, and a \$13 million, **10-building complex at the 280-acre Cotton Center** at Broadway Road and 48th Street in east Phoenix. The 26-acre Gilbert project, which is expected to start in about a year, will include high-tech and professional businesses. It is anticipated that **400 to 500 employees of financial services, engineering and architectural companies** will occupy the 8.6-acre, 130,000-square-foot Phoenix development, called **Cotton Center Commons**, when it's complete by the end of 2001. The Cotton Center, a multi-use business park, has several other projects under construction: a 64-acre back-office project, a 20-acre office-flex complex, and a 17-acre business park.

A **1 million-square-foot office complex** on 56 acres in Chandler highlights a number of major commercial and residential projects recently announced. The \$35 million **Chandler Freeways Business Park**, which will sit on the southeast corner of Loop 202 (San Tan Freeway) and 56th Street, is expected to **be home to between 2,000 and 3,000 high-tech and industrial workers**. Developer Ryan Cos. expects to begin work on the first phase of the 56-acre project — three buildings totaling 165,000 square feet — late this year or early next year. ... Among other notable projects planned or currently under construction are: **a 924-acre master-planned community called Stonehaven in north Scottsdale** (bounded by Cave Creek Road, Stagecoach Pass, the Tonto National Forest, and the town of Carefree), which features 747 lots and the first Greg Norman-designed golf course in Arizona; an 80-acre, **439-home gated community** by Kaufman and Broad in south Phoenix (12th Street and Baseline Road) called **Dobbins Creek**; a **655-acre site** (surrounded by Bell, Greenway, and Litchfield roads, and Bullard Avenue) **designated by the city of Surprise for residential and commercial development**, which would include 115 acres to construct city offices, a library, community center, and recreation complex, and space for a regional mall, business park, and potentially a baseball spring training complex; **the second and third phases of the Hines'**

high-end development at 24th Street and Camelback Road, which will include a 300,000-square-foot 11-story office building and a 350-room, 11-story hotel.

Mining

ASARCO Inc. will **move its corporate headquarters** from New York City **to Phoenix, affecting about 75 employees**, by the end of the year. Many of the current employees in New York will be offered positions in Tucson, as well as in Phoenix. ASARCO, which is owned by Grupo Mexico S.A. de C.V. of Mexico City, employs about 2,500 people statewide, primarily at mines in Morenci and Green Valley. About six months ago, ASARCO had 220 employees in New York City, before moving some to offices in Tucson and Mexico City.

Transportation, Communications, and Public Utilities

Three proposed power plants in Maricopa County, which had already been approved by the Arizona Corporation Commission, have **come under fire** from a consumer advocacy group. The Arizona Center for Law in the Public Interest has filed suit in Maricopa County Superior Court to stop construction of plants planned by **Pacific Gas & Electric Co., Duke Energy Co., and Panda Energy International**. The suit alleges that the commission failed to weigh the environmental impact of the plants against the need for power. During the past couple of years, 13 power plants have been proposed in Arizona, with nine of them in Maricopa County. Much of the power generated from these plants is expected to be used by out-of-state customers (commercial and residential).

DHL Airways Inc. has **opened** an expanded national **customer service center and a global data center** at the Papago Park Center in Tempe. The \$26 million facilities are **expected to employ more than 500 people** by 2010. DHL Airways is the U.S. subsidiary of DHL Worldwide Express, a global package-delivery service.

Finance, Insurance, and Real Estate

SunCor Development and McCarthy Construction have announced they will **move their headquarters** from Phoenix **into** the first building of the 1.62 million-square-foot **Tempe Hayden Ferry Lakeside** project. Hayden Ferry, which will sit on the north side of Tempe Town Lake, has been called the next "Camelback Esplanade," because of its upscale nature and its closeness to downtown Tempe, which has a mix of high-end commercial and residential real estate and restaurants. The project will include 790,000 square feet of office space, 388 condominiums, and a hotel. SunCor and McCarthy, which is the contractor on Hayden Ferry, will **bring 100 and 35 employees**, respectively, to Hayden Ferry.

American Express Corp. announced it will **build a \$170 million technology center** in the northeast Valley that will be **home to 2,000 workers**, most of whom will come from several other Valley sites. The financial services

company, which has about 9,000 Valley employees, plans **to lease state land at 56th Street and Mayo Boulevard in Phoenix** where it plans to build two 180,000-square-foot office buildings and a 100,000-square-foot building to be used primarily for training and conferences. American Express says the new facilities, which will open in 2003, will allow for some new hires.

St. Louis-based brokerage firm **Edward Jones** has **begun work** on the **first of three buildings at Arizona State University's Research Park** that will **house its western headquarters**. The **first phase** of the project will be a three-story 130,000-square-foot data center that will be completed in July **and house 300 employees**. **Two 100,000-square-foot buildings** will follow **and eventually be home to 700 additional workers, primarily stock brokers**. Edward Jones will begin recruiting workers later this year.

Van RU Credit Corp., the nation's largest privately-owned collections agency, will **double the workforce** at one of its two Tempe operations by **adding 100 new positions**. The Park Ridge, Ill., company signed a six-year lease for nearly 24,000 square feet of office space at Corporate Fountains (Interstate 10 and Baseline Road). Van RU Credit also has an operation at Priest Drive and Broadway Road that employs 150 people.

As part of its merger with USA Group, Virginia-based **Sallie Mae** will **eliminate most of the 300 positions at a Chandler call center**. Sallie Mae, which specializes in education loans, is cutting its nationwide workforce by 25 percent to eliminate duplication of work. About 30 client relations specialists who deal with universities, lenders, and loan guarantors will continue to work in the Valley.

Chandler-based **Rocky Mountain Bank**, which has nine branches in the Valley, seven in Wal-Mart stores, has agreed to be **acquired by First National Bank of Nevada Holding Co.** Although no official statement has been made, layoffs appear unlikely because First National, which also owns First Bank of Arizona and First National Bank of Nevada, said it expects to open five additional branches in Arizona Wal-Mart stores by next January.

Between **450 and 500 administrative and clerical workers** will be located in an upscale office building near the Fiesta Mall when completed in November. The two-story, 106,000-square-foot **Mesa Corporate Center**, near Alma School Road and Southern Avenue, will house offices for **Allstate Insurance, Morgan Stanley Dean Witter & Co., and Johnson Bank**. Developer Opus West has leased about half of the building.

Trade

The name of the game for successful **national retailers** these days is **expand, expand, expand**. A number of chains across a broad spectrum of industries have announced plans to do just that in the Phoenix metro area. **Lowe's Home Improvement Warehouse** will give Home

Depot and other home-improvement stores stiff competition in the Valley by **opening 20 stores** and **employing 4,000** within the next four years. The North Carolina-based chain opened two locations in April (Chandler, Scottsdale) and has four sites in the east Valley currently under construction. Atlanta-based **Home Depot** will **open two more Valley locations** within the next six to eight months, giving it a total of 18 stores in the metro area. ... If your pleasure is eating, then your appetite may be quelled by two food chains that will be emerging on the Valley scene. Irvine, Calif.-based **In-N-Out Burger** plans to **open eight to 10 fast-food eateries** in the Phoenix area, starting with its first location in north Scottsdale this November. Or if Chinese take-out is your forte, the first **Pei Wei's Asian Diner** opened recently in Chandler, with another to follow at 45th Street and Thomas in Phoenix next spring. A subsidiary of Scottsdale-based P.F. Chang's China Bistro, Pei Wei's is expected to be taken nationally shortly thereafter. ...How is your vision these days? Chandler-based **Nationwide Vision** will **add four more optical-care stores** to its current 25 in the Valley in the near future and will have 36 in Arizona by the end of the year. Nine shops are currently being built or planned in Tucson.

Services

The **sale of Scottsdale-based PCS Health Systems** to Advance Paradigm Inc. is **not expected to jeopardize the jobs of 2,200 PCS employees** in the east Valley city. Rite Aid Corp. sold the nation's largest pharmacy-benefits management company to Irving, Texas-based Advance Paradigm for \$1.3 billion. This is the third time PCS, which manages 300 million prescriptions annually, has been sold in the past four years.

Financially beleaguered **MicroAge Inc.** is **selling its call-center operations** for \$8.2 million to a group led by Tucson investment firm **HSL Properties**. Tempe-based MicroAge Teleservices, which provides technical support for clients such as UPS and AT&T and generates annual revenue of about \$40 million, **employs about 1,000 people** in Tempe, Las Vegas, and Santa Maria, Calif. MicroAge is currently under U.S. Bankruptcy Court protection and sale of the technical-support unit requires court approval. No information has been given on the fate of the unit's workers.

The **east Valley** will get its **first new hospital** in nearly 20 years when San Francisco-based **Catholic Healthcare West builds a 50-bed, \$30 million facility** in the next two to three years. No site has been chosen, but it's expected the company will select a location near Ellsworth Road and the planned Loop 202, east of Mesa, within the next few months. The project will start with an urgent and outpatient care center, then expand to a full-fledged hospital with emergency care. Catholic Healthcare West owns Chandler Regional Hospital and St. Joseph's Hospital and Medical Center in Phoenix.

Tucson Metro Area

Manufacturing

Integrated-circuit maker **Analog Devices Inc.** is **hiring** an unspecified number of people **for a planned Tucson design and test facility**. Although local officials were unaware of the proposed Tucson operation, a spokesman for Analog said there would be a significant number of positions at all levels and in various disciplines, according to The Arizona Daily Star. The Norwood, Mass.-based company, which designs and produces linear, digital, and mixed-signal integrated circuits used in analog- and digital-processing applications, is said to be hiring people with skills in CAD (computer-aided design), test engineering, and applications engineering. For more information, call Tennen Personnel Services at (416) 663-0610, ext. 221.

Manufacturing

As part of a **\$28 million expansion and upgrade of the former Burr-Brown Corp.** wafer semiconductor facilities, **Texas Instruments plans to hire at least 150 employees** (50 electrical engineers and 100 manufacturing technicians) over the next year. Dallas-based Texas Instruments announced in late August it had acquired Burr-Brown for \$7.6 billion in stock. The 20 percent expansion of Burr-Brown's 155,000-square-foot operation at 6730 S. Tucson Blvd. is expected to yield a 60 percent increase in capacity by the first quarter of 2001. More information about the expansion and job opportunities can be found at the following web site: www.burr-brown.com/employment.

Plastic Moldings Corp. of Cincinnati will **open a \$15 million state-of-the-art plant** at the Century Park Research Center in southeast Tucson that will **employ 230 people**. The facility, which is expected to open in February, will make plastic moldings for high-tech hand-held devices for clients such as Motorola and Sony. No information was made available on when the company will begin the hiring process.

Transportation, Communications, and Public Utilities

Denver-based **WideOpenWest LLC** has signed a 15-year franchise agreement with the city of Tucson to provide fiber-optic cable TV, Internet, and telephone services for the city's residents. WideOpenWest plans to spend \$150 million over the next five years to build the high-speed network, as well as **eventually employ up to 150 people** in the Tucson area. The nine-month-old company is also attempting to provide similar services to several Phoenix-area cities.

Construction

The **University of Arizona** has **started work on a 23-building, \$402 million capital-improvement project**. Among the projects planned or already under way are: a new Student Union and an Integrated Learning

Center; a \$60 million biomedical and biotechnology building; a \$27 million renovation of the Arizona State Museum; a \$60 million expansion of the Environmental and Natural Resources Building and the Chemistry Building; and several housing projects costing \$89 million.

Transportation, Communications, and Public Utilities

Tucson-based **Opto Power Corp.**, which supplies several types of high-power semi-conductor lasers to the telecommunications and semiconductor manufacturing industries, is **in a major growth mode**. Opto Power, which has 200 employees, **added 50 positions in 2000** and **expects to continue that type of growth**. A recent corporate realignment by Opto Power's parent company, Spectra Physics of Mountainview, Calif., could also provide additional opportunities.

Finance, Insurance, and Real Estate

A group of primarily Arizona investors has put up \$6 million to **start a new bank in Tucson**. **Canyon Community Bank** opened in October in the former Norwest Bank building at Oracle and Magee roads. No information was available on the number of people that will be hired.

Trade

One of Tucson's **oldest malls is undergoing a massive transformation** that will turn it into eight to 10 Spanish-style, mini-shopping plazas, with amenities such as restaurants, outdoor space for performing arts and exhibits, an outdoor market, artists' studios, and possibly a public library or government offices. Because of the overhaul, **El Con Mall**, on East Broadway between Jones and Dodge boulevards, will be appropriately **renamed The Plazas at El Con**. The three-year, \$50 million project will **also include** construction of a new 123,000-square-foot **Home Depot**, remodeling of a 140,000-square-foot building formerly occupied by Dillard's as space for a food court and other entertainment facilities, and a gourmet grocery store. Current tenants Robinsons-May, Montgomery Ward, J.C. Penney, Firestone, and a 20-screen movie theater will remain part of the development.

Exel Logistics, a leading provider of supply chain management for manufacturers and retailers, has leased 101,000-square-feet at Southpoint Distribution Center, 3085 S. McCulloch Drive. The Waltham, Mass.-based company, which employs more than 50,000 in 1,300 locations worldwide, expects to initially **hire 50 workers** at the Tucson location.

Services

First Health Group Corp. has **started construction** on an \$8 million, 100,000-square-foot **high-tech imaging facility** near East Valencia and South Palo Verde roads that could eventually house up to 1,000 workers. The Downers Grove, Ill., company, which has 4,000 employees, **plans to initially hire 400 people** to help convert medical claim forms into digitized computer files. Applicants, preferably

with data-entry or insurance work experience, should send a resume to First Health's Tucson office at 2731 E. Elvira St. 85706-7156. The company, which processes health and workers' compensation forms for some of the nation's largest employers, expects the facility to open in March.

Tucson-based **Alphagraphics**, which has 340 printing shops throughout the world, plans **to relocate its corporate headquarters and 130 employees** to Salt Lake City. The 30-year-old company, which expects to expand its corporate staff by 30 percent over the next five years, cited a lack of qualified white-collar workers and insufficient airline service as reasons for the potential move. The relocation would not affect any of the 12 Tucson franchise locations.

Balance of State

Manufacturing

A Parson-based company that makes old-fashioned lollipops is seeking a new 30,000-40,000-square-foot facility to expand its operations. Seventeen-year-old **Gollipops** currently employs about 20 people, but says the added space will allow it to **add another 25 to 30 production employees**. The new facility, which could be relocated outside of Parson, needs to be up and running within three to six months, the company says.

A **concrete manufacturing plant** and about **100 permanent jobs** will be coming to the Interstate 40 Industrial Corridor, **20 miles southwest of Kingman**, thanks to a vote by Mohave County supervisors. The Board of Supervisors approved a resolution allowing the county's Industrial Development Authority to issue \$20 million in bonds to build the 75,000-square-foot **Enviroc Inc. plant**. In addition to the permanent jobs, **400 construction jobs** will be **needed for about a year** when work begins in November. The plant, which was located in Korea, was disassembled and is being rebuilt in Arizona.

Construction

Approval of a **half-cent sales tax increase by Yuma County** voters in September will provide \$57.6 million for **court-related construction over the next eight years**. Among the projects planned are a 72-bed Juvenile Detention facility, a Juvenile Court and administration building, a court annex for Yuma County Superior and Yuma Justice courts, and a 300-space parking garage.

Services

Aegis Communications Group Inc. is **expanding its Sierra Vista call center** for the third time in 10 months, **adding 200 employees**. The expansion, which will bring Aegis' total employment to around 800, is due primarily to its financial services customers, propelled by work from American Express. Workers at the Sierra Vista operation make an average hourly wage of \$8.

Mohave Correctional Properties LLC will **begin work in November** on a **medium-security private prison** on

160 acres near Interstate 40 and Yucca Drive, about 15 miles southwest of Kingman. The Edmond, Okla.-based company reached agreement on the prison with the Mohave County Board of Supervisors in September 1999. **Black Mountain Correctional Facility**, which will take 15 months to complete, will house 2,250 male inmates and is expected to **create between 250 and 400 jobs**, paying an average of \$10 an hour.

Trade

Several “big-box” stores will open their doors around the first of the year **in Yuma**, bringing about an **additional 900 sorely needed jobs** to the western Arizona city that sports one of the state’s highest unemployment rates. **Wal-Mart** is more than doubling the size of its 110,000-square-foot store at 2900 S. Pacific Ave. to turn it into a “superstore” that will offer groceries, tire and lube service, a vision center, and eventually a bank. About **500 new employees will be hired** to go along with 75 recent hires who are setting up the store. A Sonic drive-thru restaurant is also being built on the Wal-Mart property. Meanwhile, a battle between **two home-improvement stores** will **bring** not only healthy competition to the area, but **about 400 jobs**. Both a 115,000-square-foot Lowe’s Home Improvement Warehouse and a 129,000-square-foot Home Depot are scheduled to open in January. Lowe’s will be located on the former site of a Kmart, 115 W. 32nd St., and Home Depot will occupy space in the Redondo Center, 16th Street and Interstate 8.

Home Depot will build a 105,000-square-foot store in Lake Havasu City as part of a planned retail power center at Airport Centre west of State Route 95. The home-improvement store, which **will create 200 jobs**, is expected to open in late spring. No additional stores have been named for the shopping center.

Services

The **Cochise County Board of Supervisors** has **bailed out**, at least temporarily, **Southeast Arizona Medical Center of Douglas and its 165 employees**. The hospital has been in bankruptcy since 1998 and the Iowa-based corporation that manages it, Community Healthcare of Mid-America, has been unable to come up with the money to buy it. An alternative group led by a Douglas doctor is attempting to purchase the hospital, and the county has agreed to help — loaning \$150,000 for a cash reserve;

subordinating the hospital’s lease — in an effort to keep the facility from closing.

Miscellaneous

A **federal task force has chosen Nogales, Ariz.**, as one of four Mexican-border areas that will **receive special funding for economic development** activities. Since NAFTA was enacted, a number of border communities in Arizona, California, and Texas have suffered a decline in economic activity. As part of a pilot project, Nogales will receive funds to: upgrade highways to improve international commerce; expand the Mariposa Port of Entry to ease traffic at border crossings; enlarge the Nogales International Wastewater Treatment Plant in Rio Rico to handle growth across the border; and open a skills center for job training.

Statewide

Transportation, Communications, and Public Utilities

About **360 Arizona employees of Qwest Communications International will lose their jobs** as part of a 15 percent cutback (11,000 jobs) by the Denver-based company, which recently merged with US West. Most of the job losses will occur in administrative, not service-related positions, said a Qwest official.

Allegheny Energy Supply Co., LLC, plans to build a 1,080-megawatt natural gas-fired electric generating facility in eastern La Paz County. Based in Hagerstown, Md., Allegheny expects to begin construction in 2002 on the \$540 million combined-cycle facility near Interstate 10 and Avenue 75E. About **400 workers will be needed to construct the plant**, which will **create 40 full-time jobs** when it comes on-line in 2005.

Finance, Insurance, and Real Estate

Six new banks are awaiting approval for a state charter, the most ever at one time, according to the state Banking Department. It’s speculated that a recent consolidation of banking in Arizona is the major reason for the surge in new charters. The banks and their locations are: Desert Hills Bank and Southwest Bank of Phoenix, Phoenix; First Bank Yuma and Yuma Community Bank, Yuma; Mission Bank, Kingman; and First Country Bank, Pinetop. **AET**

Job Growth Slowed, But Still Strong in 2nd Quarter

(continued from page 10)

Weak second-quarter job growth (1,800) occurred in the construction industry relative to the 10-year average second-quarter gain (4,600). While second-quarter construction

employment was still near record levels (158,900), its annual growth rate slowed to 3 percent from a rate of 8.8 percent as recently as the first quarter of last year. Because there is a large amount of construction work going on, and more in the pipeline, construction industry employment is not expected to drop precipitously, but

rather grow continually more slowly to a rate of 1.5 percent in 2001.

The increasingly less-regulated transportation, communication, and public utilities (TCPU) group achieved record employment of 109,400 in the second quarter of

(continued on back page)

Slower, But Still Strong Job Growth in 2nd Quarter

(continued from page 19)

2000. The growth engine of the group was the transportation industry, which achieved record employment (71,100) during the quarter. Of the 2,700 jobs that TCPU added from the first quarter to the second quarter, transportation accounted for 2,200 of them. This was nearly double the 10-year average growth (1,200). Airline and trucking company employees made up the largest part of transportation employment growth. Trucking might have grown even more were it not for the shortage of tractor-trailer truck drivers.

Communication and public utilities added 500 employees in the second quarter, a respectable amount above the 10-year average of 300.

Wholesale trade added 800 jobs over the quarter, almost replacing the 900 jobs it lost over the year. Wholesale trade's employment level (109,000) at the end of the second quarter was short just 500 of its record achieved in the second quarter of 1999.

Retail trade added 3,300 workers in the second quarter, more than making up for the 2,500 loss in the first quarter. Employment in eating and drinking establishments accounted for all but 100 of retail trade's over-the-quarter gain. Since the second quarter of last year, retail trade employment

ballooned 5.2 percent (17,900). There were 417,800 jobs in retail trade at the end of the second quarter, or 18.7 percent of all nonfarm payroll employment.

FIRE employment, at 146,100, broke yet another record in the end of the second quarter, as it has monthly since February. FIRE's growth occurred despite losses of jobs in the closely associated construction industry. FIRE normally lags construction's gain/loss direction, so losses are expected in this industry group in upcoming months, or certainly by next year, if construction losses are sustained.

Services generated 16,000 additional jobs in the second quarter, a better-than-average second quarter gain (12,100). Business services accounted for half (8,100) of the gain. Services second-quarter employment hit a record of 725,000, or 32.4 percent of all nonfarm payroll jobs. While one out of five Arizona jobs are in retail trade, one out of three are in services.

Second-quarter government employment held steady, despite an average second-quarter job loss of 3,700. The number of government jobs grew 16,800 — or 4.8 percent since the second quarter of last year — a greater-than-average gain (10,200 or 3.5 percent). **AET**

— Ron Simon
RA Economic Analysis Manager



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Research Administrator	Dan Anderson
Managing Editor	Ron Simon
Editor	Brent Fine
Publication Assistant	Debra Scott

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